

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6741**

**BILL NUMBER:** HB 1268

**NOTE PREPARED:** Jan 4, 2006

**BILL AMENDED:**

**SUBJECT:** Tax Amnesty Funds for Volunteer Fire Departments.

**FIRST AUTHOR:** Rep. Denbo

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill uses 25% of the money received under the Tax Amnesty Program for grants for volunteer fire departments. The bill also provides for a committee consisting of the State Fire Marshal and one representative from each of the six districts established by the Indiana Volunteer Firefighters Association to approve the grants. The bill makes an appropriation.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** The bill requires 25% of the money received under the Tax Amnesty Program as of January 30, 2006, which is attributable to the taxes listed in the bill to be transferred by the Auditor of State to a special account in the state General Fund for making grants to volunteer fire departments for equipment, gear, supplies, and facilities.

It is anticipated that the provisions of this bill concerning calculations and reporting requirements for the Budget Agency and the Auditor can be implemented through the use of existing staff and resources.

The bill also requires the State Fire Marshal to serve as chairperson for the Volunteer Fire Department Tax Amnesty Committee. This duty will increase administrative costs for the State Fire Marshal, but it is estimated that those additional costs could be covered through the use of existing staff and resources. The Committee consists of the State Fire Marshal and one representative from each of the six districts established by the Indiana Volunteer Firefighters Association.

**Explanation of State Revenues:** This bill requires that 25% of the money received under the Tax Amnesty

Program as of January 30, 2006, plus the amount anticipated to be received from payment plans before July 1, 2006, which is attributable to the:

- (1) Parimutuel taxes;
- (2) Riverboat taxes;
- (3) Utility Receipts Tax;
- (4) Sales and Use tax;
- (5) Corporate Adjusted Gross Income (AGI) Tax; and
- (6) Individual AGI Tax;

*MINUS \$60 M*, is to be used for making grants to volunteer fire departments for equipment, gear, supplies, and facilities. It is estimated that at least \$30.1 M will be transferred to the special account for grants to volunteer fire departments. This transfer will come solely from state General Fund revenues.

The Department of State Revenue reports that the money received under the Tax Amnesty Program through December 2005 attributable to the taxes listed above is as follows:

<b>TAX</b>	<b>Collected (in millions)</b>
Parimutuel taxes	\$0.0
Riverboat taxes	\$0.0
Utility Receipts Tax	\$0.62
Sales and Use Tax	\$52.5
Corporate AGI Tax	\$83.4
Individual AGI Tax	\$44.3
<b>TOTAL</b>	<b>\$180.3</b>
<i>MINUS (\$60.0 M)</i>	<i>\$120.3</i>
Multiplied by 25%	\$30.1

*Background:* The Tax Amnesty Program began on September 15, 2005, and ended on November 15, 2005. The program was enacted in P.L. 236-2005 to allow payment of tax liability without penalty by taxpayers who:

- (1) had never filed (nonfilers);
- (2) filed a return, but underreported income, misapplied credits or deductions; or
- (3) did not file a subsequent return (accounts receivable).

According to the Department of State Revenue, over 91,000 taxpayers took advantage of the program. Total amnesty collections for all taxes through December of 2005 were equal to \$210.2 M. The Department of State Revenue has reported that after all payments are collected, the total amount of all collections from the amnesty program will equal close to \$255 M with administrative expenses currently estimated at \$12 M.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** It is estimated that at least \$30.1 M will be available for grants to volunteer

fire departments.

**State Agencies Affected:** Budget Agency; Auditor of State; State Fire Marshal.

**Local Agencies Affected:** Volunteer fire departments.

**Information Sources:** Department of State Revenue; State Budget Agency.

**Fiscal Analyst:** Adam Brown, 317-232-9854